ROK STARS PLC

Annual Report and Group Accounts

For the year ended 31 December 2016

Company number 07519721

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ROK STARS PLC

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ROK STARS PLC

COMPANY INFORMATION

For the year ended 31 December 2016

Directors:	Mr J L Kendrick Mr J M Kendrick Mr J G Ondreasz Mr B W Renny
Secretary:	David Venus & Company LLP 42-50 Hersham Road Walton-on-Thames Surrey UK KT12 1RZ
Registrars:	Equiniti Limited Aspect House Spencer Road Lancing West Sussex UK BN99 6DA
Auditors:	Edwards Chartered Accountants 34 High Street Aldridge Walsall West Midlands UK WS9 8LZ
Company Registration Number:	07519721
Registered Office:	ROK House Kingswood Business Park Holyhead Road Albrighton Staffordshire UK WV7 3AU

The financial statements contain information about ROK Stars PLC (the "Company") and its subsidiary undertakings (the "Group") on a consolidated basis.

The directors present their strategic report on the Group for the year ended 31 December 2016.

Review of the business
The Company's principal activity during the year was that of a holding company of a worldwide group of companies involved in the production, sale and distribution of alcoholic and non-alcoholic drinks and the sale and distribution of cosmetics, beauty and eco-friendly consumer products.

The Company is listed on the Stuttgart Stock Exchange under ticker symbol RKS.

Results and performance
The results of the Group for the year, as set out on pages 8 and 9, show a loss on ordinary activities before tax of £4.3m (2015: loss of £3.9m).

The performance of the Group during 2016 has produced encouraging results. The turnover of beverages, which is the main business of the Group, has increased by 7% over the year. In addition, the loss attributable to the owners of the parent company has reduced.

Beverage products
During the year the Group continued to look to expand its drinks portfolio.

ABK Betriebsgesellschaft der Aktienbrauerei Kaufbeuren GmbH, the Bavarian brewery acquired in 2013, has continued to experience a challenging local market, however the Group has been proactively tendering its excellent range of beers (branded ABK) around the world. To date the Group has sold ABK beer predominantly in Europe and has developed good sales channels in the USA, China and Australia and also in India and Singapore.

The Group distributes and promotes Gin, Vodka and Rum that is uniquely branded with the image and signature of Humphrey Bogart, the iconic American film star. In 2014 the Company formed Bogart Spirits Limited, a joint venture company with the American foundation, Bogart LLC, for the purpose of creating, promoting and distributing these new products worldwide. The interest in this product has been encouraging and as well as selling in the USA the Group has now launched these products in Europe.

Following the development of the Group's Irish whiskey brand in 2013 the UB Irish product has been well received and the Group has sold UB Irish throughout Europe, USA and Taiwan. In addition, in 2017 the Group started selling its Graffiti Wine products, the first four wines of which are produced in India. The Group will continue to expand its Graffiti Wine range and will also continue development of its energy drink and other new products which will include Tequila.

Cosmetics and eco-friendly products
The Group continues to operate as a wholesale worldwide supplier of marula oil to consumers in cosmetic form. As part of its operations the Group harvests and presses the marula nuts and then cleans and filters the oil to produce high quality product. These African group companies ensure that the Group is supplied with the finest oil, as well as providing their local communities with new employment opportunities. To concentrate on other areas the Group sold the majority of its interests in the retail marula oil business as disclosed in note 25. This has led to a reduction in turnover in the year but it will help the future profitability of the Group.

STRATEGIC REPORT

For the year ended 31 December 2016

Business environment
The worldwide drinks and cosmetics industries are highly competitive, particularly in the retail sectors where the Group's drinks business is focused. Many companies offer similar high quality products, giving rise to aggressive pricing structures, supported by substantial advertising budgets.

Strategy
The Group's success is dependent on the proper selection and pricing of its products for distribution and ongoing management of the risks it accepts.

In the drinks business, the Group has continued to consolidate and grow its position. The Group believes it is important to retain a diversified portfolio of products in order to achieve maximum exposure in this highly competitive marketplace. In the provision of cosmetics, the Group only now supplies pure marula oil in bulk quantities to other cosmetics manufacturers.

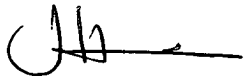
The Group will continue to consolidate its position and concentrate its efforts on achieving maximum growth in its existing market segments whilst also being aware of, and being ready to react to, new developments and trends in the market.

Going concern
The Company and the Group continue to meet their day to day working capital requirements from cash generated by the business and the support of the Company's founders and shareholders. The planned business levels indicate that in the short term the Company and the Group will require additional funding. The amount of additional funding required will be dictated by the performance of the Group.

The directors understand that the founders will not demand repayment of their outstanding loan balances within the next twelve months and that additional funding may be available. The planned business levels and the availability of additional funding from founders and shareholders indicate the existence of material uncertainties which may cast doubt over the Group's ability to continue as a going concern. However, the Board expects that the Company and the Group will continue to have adequate funds available to them to be able to continue in operational existence for the foreseeable future.

Accordingly, the going concern basis has been adopted in preparing these accounts which do not include the adjustments that would result if the Group was unable to continue as a going concern.

This report was approved by the board on 2 June 2017 and signed by its order.



Mr J L Kendrick
Director

ROK STARS PLC

DIRECTORS' REPORT

For the year ended 31 December 2016

The directors present their report and audited accounts for the year ended 31 December 2016.

Future developments
Likely future developments in the business of the Group are discussed in the strategic report.

Results and dividends
The results for the year are set out on pages 8 and 9. The directors of the Company do not recommend a dividend.

Directors
The names of the current directors of the Company are listed on page 1. All held office throughout the year.

Disclosure of information to auditors
Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors
In accordance with s485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for the reappointment of Edwards as auditor of the Company.

Post reporting date events
There are no matters to report as post statement of financial position events.

Statement of directors' responsibilities
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

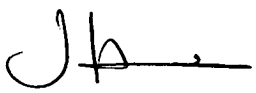
ROK STARS PLC

DIRECTORS' REPORT

For the year ended 31 December 2016

The directors are responsible for the maintenance and integrity of the Group web site, www.rokstars.com. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the board on 2 June 2017 and signed by its order.



Mr J L Kendrick
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROK STARS PLC

For the year ended 31 December 2016

TO THE MEMBERS OF ROK STARS PLC

We have audited the Group and parent Company financial statements of ROK Stars PLC for the year ended 31 December 2016 (the "accounts") which comprise the consolidated income statement, the consolidated and Company statement of financial position, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors' responsibilities within the directors' report, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2016 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 2 to the financial statements concerning the Group and parent Company's ability to continue as a going concern.

The Group incurred a net loss of £4,300,768 and the parent Company a net loss of £4,204,447 for the year ended 31 December 2016 and, at that date, the Group had net liabilities of £12,327,207 and the parent Company had net liabilities of £11,105,754. These conditions along with other matters explained in note 2 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Group and parent Company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group or parent Company was unable to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROK STARS PLC

For the year ended 31 December 2016

Opinion on other matter prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



David Webb FCA
Senior Statutory Auditor
for and on behalf of
Edwards Chartered Accountants
Statutory Auditors

34 High Street
Aldridge
Walsall
West Midlands
UK
WS9 8LZ

2 June 2017

ROK STARS PLC

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	4	**10,495**	11,143
Cost of sales		**(8,092)**	(8,087)
Gross profit		**2,403**	3,056
Other operating income		**284**	181
		2,687	3,237
Administrative expenses		**(5,548)**	(5,880)
Operating loss	5	**(2,861)**	(2,643)
Interest receivable		**15**	16
Interest payable	8	**(1,452)**	(1,287)
Loss on ordinary activities before taxation		**(4,298)**	(3,914)
Tax on loss on ordinary activities	9	**(3)**	-
Loss on ordinary activities after taxation		**(4,301)**	(3,914)
Loss for the financial year attributable to:			
Non-controlling interests		**(948)**	(507)
Owners of the parent company		**(3,353)**	(3,407)
		(4,301)	(3,914)

There is no separate statement for comprehensive income. The loss after taxation made in the year is the total comprehensive income figure.

ROK STARS PLC

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2016

	Note	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Fixed assets					
Intangible fixed assets	10	**163**	210	-	-
Tangible fixed assets	11	**3,908**	4,100	-	-
Investments	12	**460**	460	**450**	450
		4,531	4,770	**450**	450
Current assets					
Stocks and work in progress	13	**1,917**	1,713	-	-
Debtors	14	**1,881**	2,248	**1**	1
Cash and cash equivalents		**104**	123	-	-
		3,902	4,084	**1**	1
Creditors: Amounts falling due within one year	15	**(4,645)**	(5,014)	**(593)**	(541)
Net current liabilities		**(743)**	(930)	**(592)**	(540)
Total assets less current liabilities		**3,788**	3,840	**(142)**	(90)
Creditors: Amounts falling due after one year	16	**(13,854)**	(12,327)	**(10,964)**	(9,355)
Provisions for liabilities	17	**(2,261)**	(2,082)	-	-
Net assets		**(12,327)**	(10,569)	**(11,106)**	(9,445)
Capital and reserves					
Called up share capital	18	**12,414**	10,247	**12,414**	10,247
Share premium account	19	**9,012**	8,763	**9,012**	8,763
Capital reserve	20	**884**	884	-	-
Share based payments	21	**2,874**	2,747	**2,874**	2,747
Profit and loss account	22	**(35,716)**	(32,363)	**(35,406)**	(31,202)
Equity attributable to owners of the parent Company		**(10,532)**	(9,722)	**(11,106)**	(9,445)
Non-controlling interests		**(1,795)**	(847)	-	-
		(12,327)	(10,569)	**(11,106)**	(9,445)

The Company's result for the financial year was a loss of £4,204,447 (2015 - £3,417,501).

Mr J L Kendrick
Director, approved by the board on 2 June 2017
Company number: 07519721

ROK STARS PLC

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	Group 2016 £'000	Group 2015 £'000
Cash flows from operating activities			
Loss for the financial year		**(2,861)**	(2,643)
Adjustments for:			
Amortisation of intangible fixed assets		**54**	41
Depreciation of owned fixed assets		**454**	367
Increase in stocks and work in progress		**(204)**	(388)
Decrease in debtors		**367**	330
Increase in creditors		**902**	481
Net cash from operating activities		**(1,288)**	(1,812)
Cash flows from investing activities			
Purchases of intangible fixed assets		-	(166)
Proceeds from sale of tangible fixed assets		-	111
Purchases of tangible fixed assets		(75)	(235)
Net cash from investing activities		(75)	(290)
Cash flows from financing activities			
Issue of ordinary share capital		**1,104**	136
New loans raised		**216**	2,085
Interest received		**15**	16
Interest paid		(146)	(168)
Net cash from financing activities		**1,189**	2,069
Net decrease in cash and cash equivalents		**(174)**	(33)
Cash and cash equivalents at the beginning of the year		(510)	(477)
Cash and cash equivalents at the end of the year	24	(684)	(510)

ROK STARS PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Called-up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Amount attributable to owners of the parent £'000	Non-controlling interests £'000	Total £'000
At 1 January 2015	10,174	8,700	2,145	(28,956)	(7,937)	(340)	(8,277)
Loss for the year	-	-	-	(3,407)	(3,407)	(507)	(3,914)
Change in convertible debt	-	-	(55)	-	(55)	-	(55)
Change in capital reserve	-	-	884	-	884	-	884
Share based payments	-	-	657	-	657	-	657
Issue of shares	73	63	-	-	136	-	136
At 31 December 2015	10,247	8,763	3,631	(32,363)	(9,722)	(847)	(10,569)
Loss for the year	-	-	-	(3,353)	(3,353)	(948)	(4,301)
Share based payments	-	-	127	-	127	-	127
Issue of shares	2,167	249	-	-	2,416	-	2,416
At 31 December 2016	**12,414**	**9,012**	**3,758**	**(35,716)**	**(10,532)**	**(1,795)**	**(12,327)**

ROK STARS PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Called-up share capital £'000	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2015	10,174	8,700	2,145	(27,784)	(6,765)
Loss for the year	-	-	-	(3,418)	(3,418)
Change in convertible debt	-	-	(55)	-	(55)
Share based payments	-	-	657	-	657
Issue of shares	73	63	-	-	136
At 31 December 2015	10,247	8,763	2,747	(31,202)	(9,445)
Loss for the year	-	-	-	(4,204)	(4,204)
Share based payments	-	-	127	-	127
Issue of shares	2,167	249	-	-	2,416
At 31 December 2016	**12,414**	**9,012**	**2,874**	**(35,406)**	**(11,106)**

1 Company information

ROK Stars PLC is a public limited company limited by shares, incorporated and registered in England and Wales under number 07519721 with a registered office address at ROK House, Kingswood Business Park, Holyhead Road, Albrighton, Staffordshire, WV7 3AU, UK.

2 Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain assets as specified in the accounting policies and notes to the accounts.

The group financial statements (the "Group") consolidate the financial statements of ROK Stars PLC (the "Company") and all its subsidiary undertakings for the year ended 31 December 2016 using the acquisition method of accounting. The results of the subsidiary undertakings are included from the date of acquisition.

The financial statements are presented in Sterling (£), which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest one thousand pounds Sterling (£).

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own income statement in these financial statements. The Company's loss for the year was £4,204,447 (2015 - £3,417,501).

The individual accounts of the Company have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes; and
- financial instrument disclosures including categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments and exposure to and management of financial risks.

The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The Company and the Group continue to meet their day to day working capital requirements from cash generated by the business and the support of the Company's founders and shareholders. The planned business levels indicate that in the short term the Company and the Group will require additional funding. The amount of additional funding required will be dictated by the performance of the Group. The directors understand that the founders will not demand repayment of their outstanding loan balances within the next twelve months and that additional funding may be available. Accordingly, the going concern basis has been adopted in preparing these accounts.

The planned business levels and the availability of additional funding from founders and shareholders indicate the existence of material uncertainties which may cast doubt over the Group's ability to continue as a going concern. However, the Board expects that the Company and the Group will continue to have adequate funds available to them to be able to continue in operational existence for the foreseeable future.

Accordingly, the going concern basis has been adopted in preparing these accounts which do not include the adjustments that would result if the Group was unable to continue as a going concern.

2 Accounting policies (continued)

Business *combinations*
Subsidiaries acquired during the year are consolidated using the acquisition method of accounting. The cost of the business combination is measured at the aggregate of the fair value (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued or other consideration given by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess, negative goodwill, is immediately accounted for in the income statement.

The results of subsidiaries are incorporated from the date that control passes with uniform accounting policies adopted throughout the Group and all profits or losses arising on inter-group transactions are eliminated.

Intangible fixed assets
Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses or provisions.

Amortisation is charged so as to allocate the cost of intangibles less their residual values after provisions over their estimated useful lives, using the straight-line method. Intangible assets are amortised over the following useful economic life:

Distribution licences	5 years

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation rate of that asset is revised to reflect the new expectations.

Tangible fixed assets
Fixed assets are stated at historic purchase cost less accumulated depreciation and any accumulated impairment losses, where historic cost includes the original purchase price of the asset and the costs attributable in bringing the asset to its present location and working condition for its intended use. Depreciation is provided on all fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land	not depreciated
Freehold buildings	10-15 years
Plant and machinery	3-15 years

Impairment of assets
At each reporting date all assets, whether intangible, fixed or current, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, a provision is made and the carrying amount is reduced to its estimated recoverable amount and the impairment loss is recognised immediately in the income statement.

2 Accounting policies (continued)

Impairment of assets (continued)
If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in income statement.

Investments
Long term investments held by the Company and the Group comprise investments in equity instruments of subsidiaries and non-group/non-associated companies.

These investments are measured at fair value with changes to fair value being recognised in the income statement. Fair value is estimated by using a valuation technique or market value if shares are publically traded.

Stocks and work in progress
Stocks and work in progress are valued at the lower of cost and net realisable value, using a first in first out method. Cost comprises of direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Cash and cash equivalents
Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities
Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Leasing and hire purchase commitments
Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the statement of financial position and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the statement of financial position. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve an effective rate of interest on the remaining balance of the liability. Rentals payable under operating leases are charged in the income statement on a straight line basis over the lease term. Lease incentives are recognised over the lease term on a straight line basis. Liabilities on assets held under finance leases or hire purchase are secured against the assets to which they relate.

2 Accounting policies (continued)

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- the Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

With the exception of changes arising on the initial recognition of a business combination, the tax expense (or income) is presented either in profit or loss, other comprehensive income or equity depending on the transaction that resulted in the tax expense (or income).

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors.

Deferred tax assets and deferred tax liabilities are only offset if:

- the Group has a legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Turnover

Turnover derives principally from the manufacture and sale of beverages, cosmetics and eco-friendly products. Turnover represents fair value of consideration or receivable for goods supplied to customers, after deducting value added taxes. Turnover from the sale of goods is recognised when the significant risks and rewards or ownership of the goods have been transferred to the customer.

2 Accounting policies (continued)

Foreign currencies

Functional and presentation currency

The individual financial statements of each group entity are presented in the currency of the country or area in which the entity operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position are presented in Sterling (£).

Transactions and balances

Transactions in currencies other than Sterling (£) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the period.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions

The Group operates and contributes to defined contribution and defined benefit pension schemes and separate funds are accumulated to cover the estimated liabilities. The assets of each of these funds are either held under trusts or managed by insurance companies and are entirely separate from the Group's assets.

For defined contribution pension plans, the Group pays contributions to privately administered schemes on a contractual basis. The Group has no further payment obligations once the contributions have been paid.

The liability recognised at the statement of financial position date is the present value of the Group's obligation under the defined benefit pension scheme less the fair value of the scheme's assets together with valuation adjustments as calculated by independent actuaries.

Share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the estimated vesting period. Fair value is determined using an appropriate pricing model.

At each statement of financial position date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement, with a corresponding entry in equity. Where an equity settled award is cancelled, this is recognised in the income statement.

2 Accounting policies (continued)

Critical accounting estimates and judgements
In the application of the accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements
The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Investments
The amounts stated as investments have been reviewed and compared to their historical cost and current market value. Provisions have been made where considered appropriate and the directors believe that the current carrying value is fairly stated for each investment held.

Inventory
The physical condition and market demand for products within inventory are reviewed regularly by management. Historical sales trends and present market conditions are considered, based on their experience, with a view to making such valuation provisions as may be considered necessary to satisfy the Group's accounting policy.

Share based payments
The Company's employees have been granted share options. The share options have been calculated on the Black Scholes model. See note 21 for the disclosures relating to share based payments.

Defined benefit scheme
The subsidiary company, ABK Betriebsgesellschaft der Aktienbrauerei Kaufbeuren GmbH, has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on the number of factors, including; life expectancy, salary increases, asset valuations and the discount rate of corporate bonds. Management estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends. See note 17 for the disclosures relating to the defined benefit scheme.

3 Audit exemption and result of the Company

The Company has taken advantage of section 477 of the Companies Act 2006 (the "Act") not to require its subsidiaries, with the exception of ABK Betriebsgesellschaft der Aktienbrauerei Kaufbeuren GmbH, to conduct an audit on their accounts. In the opinion of the directors, the subsidiaries qualify under section 479A of the Act with a guarantee to be given for DeJoria Limited (company number – 05289127), Events that ROK Limited (company number – 08398676), ROK Drinks Limited (company number – 07898759), ROK Endorsements Limited (company number – 07800230), ROK Natural Energy Limited (company number – 07373260), ROK Ventures Limited (company number – 07153714) and Starian Management Services Limited (company number – 08134460).

4 Group segment reporting

Turnover	**Group 2016 £'000**	Group 2015 £'000
By activity:		
Beverages	**9,813**	9,178
Health, beauty, eco-friendly and consumer-based products	**299**	1,720
Other products and services	**383**	245
	10,495	11,143
By geographical location:		
UK	**507**	341
Europe	**9,508**	9,087
USA	**446**	1,656
Rest of world	**34**	59
	10,495	11,143

Geographical analysis of turnover is based on the delivery location of the goods or services supplied.

Loss on ordinary activities before taxation and non-controlling interests	**Group 2016 £'000**	Group 2015 £'000
By activity:		
Beverages	**(2,225)**	(825)
Health, beauty, eco-friendly and consumer-based products	**116**	(1,013)
Other products and services	**(275)**	(185)
Head office services	**(1,914)**	(1,891)
	(4,298)	(3,914)
By geographical location:		
UK	**(431)**	(2,407)
Europe	**(1,802)**	(417)
USA	**(2,004)**	(973)
Rest of world	**(61)**	(117)
	(4,298)	(3,914)

Geographical analysis of loss on ordinary activities before taxation and non-controlling interests is based on the physical location of the entities involved.

4 Group segment reporting (continued)

Net assets/(liabilities)	**Group 2016 £'000**	Group 2015 £'000	**Company 2016 £'000**	Company 2015 £'000
By activity:				
Beverages	**(4,097)**	(234)	**-**	-
Health, beauty, eco-friendly and consumer-based products	**(1,449)**	(3,560)	**-**	-
Other products and services	**(203)**	(503)	**-**	-
Head office services	**(6,578)**	(6,272)	**(11,106)**	(9,445)
	(12,327)	(10,569)	**(11,106)**	(9,445)
By geographical location:				
UK	**(8,617)**	(8,648)	**(11,106)**	(9,445)
Europe	**332**	550	**-**	-
USA	**(3,854)**	(2,354)	**-**	-
Rest of world	**(188)**	(117)	**-**	-
	(12,327)	(10,569)	**(11,106)**	(9,445)

Geographical analysis of net assets/(liabilities) is based on the physical location of the entities involved.

5 Operating loss

	Group 2016 £'000	Group 2015 £'000
This is stated after charging/(crediting):		
Depreciation of owned fixed assets	**454**	367
Amortisation of intangible fixed assets	**54**	41
Foreign currency exchange differences	**1,149**	(210)
Gain on disposal of group undertaking (note 25)	**(287)**	-
Operating lease rentals: plant and machinery	**144**	116
Share based payments	**127**	657
Auditors' remuneration:		
Statutory audit fee – Company	**9**	9
Statutory audit fee – subsidiaries	**18**	18

6 Directors' emoluments

During the year two directors received remuneration from the Group (2015 – one). The remuneration received during the year was £188,657 (2015 - £115,650).

7 Employees

	Group 2016 No.	Group 2015 No.
Average monthly number of employees:		
Production	**27**	29
Distribution and warehousing	**40**	39
Sales, marketing and operations	**13**	21
Management and administration	**25**	24
	105	113

	£'000	£'000
Staff costs:		
Wages and salaries	**4,187**	3,934
Social security, similar foreign employment taxes and charges	**717**	634
Other pension costs	**194**	156
	5,098	4,724

8 Interest payable

	Group 2016 £'000	Group 2015 £'000
Bank overdraft	**79**	105
Other interest payable and similar charges	**1,373**	1,182
	1,452	1,287

9 Taxation	Group 2016 £'000	Group 2015 £'000
Analysis of charge/(credit) in year		
Corporation tax:		
Foreign taxes payable	3	-
Deferred tax:		
Original and reversal of timing differences	-	-
Tax charge/(credit) on loss on ordinary activities	3	-

Factors affecting tax charge/(credit) for year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	Group 2016 £'000	Group 2015 £'000
Loss on ordinary activities before tax	(4,298)	(3,914)
Standard rate of UK corporation tax	20%	20%
	£'000	£'000
Loss on ordinary activities multiplied by the standard rate of corporation tax	(860)	(783)
Effects of:		
Capital allowances for year in excess of depreciation	40	41
Expenses not deductible for tax purposes	286	337
Tax losses not recognised in year	537	405
Total tax charge for year	3	-

10 Intangible fixed assets	Goodwill £'000	Other £'000	Total £'000
Group			
Cost			
At 1 January 2016	5,653	320	5,973
Additions	206	13	219
Disposals	(738)	(8)	(746)
At 31 December 2016	5,121	325	5,446
Provisions			
At 1 January 2016	5,653	-	5,653
Change in provisions in year	(532)	-	(532)
At 31 December 2016	5,121	-	5,121
Amortisation			
At 1 January 2016	-	110	110
Provided during the year	-	54	54
Eliminated on disposals	-	(2)	(2)
At 31 December 2016	-	162	162
Net book value			
At 31 December 2016	**-**	**163**	**163**
At 31 December 2015	-	210	210

Other intangible assets are distribution licenses which are written off over their estimated economic life of 5 years.

11 Tangible fixed assets	Freehold land and buildings £'000	Plant and machinery £'000	Total £'000
Group			
Cost			
At 1 January 2016	2,033	3,163	5,196
Additions	-	265	265
Disposals	-	(14)	(14)
At 31 December 2016	2,033	3,414	5,447
Depreciation			
At 1 January 2016	196	900	1,096
Charge for the year	65	389	454
Eliminated on disposals	-	(11)	(11)
At 31 December 2016	261	1,278	1,539
Net book value			
At 31 December 2016	**1,772**	**2,136**	**3,908**
At 31 December 2015	1,837	2,263	4,100

12 Investments	Group Other investments £'000	Company Interests in subsidiaries £'000	Company Other investments £'000	Company Total £'000
Cost				
At 1 January 2016	**460**	5,850	450	**6,300**
Additions	**-**	211	-	**211**
At 31 December 2016	**460**	6,061	450	**6,511**
Provision				
At 1 January 2016	-	5,850	-	**5,850**
Change in provisions during the year	-	211	-	**211**
At 31 December 2016	-	6,061	-	**6,061**
Fair value				
At 31 December 2016	**460**	**-**	**450**	**450**
At 31 December 2015	460	-	450	450

Acquisitions and disposals by the Company and Group are disclosed in note 25. The Company holds 20% or more of the share capital of the following subsidiaries, listed in alphabetical order:

Company	%	Class of shares held	Country of registration	Nature of business
ABK Betriebsgesellschaft der Aktienbrauerei Kaufbeuren GmbH	54	Ordinary	Germany	Beverage products
Bandero Tequila Inc.	100	Ordinary	USA	Beverage products
Bogart Spirits Limited	60	Ordinary	UK	Beverage products
DeJoria Limited	100	Ordinary	UK	Jewellery products
Events That ROK Limited	51	Ordinary	UK	Entertainment services
NOE Corporation Limited	100	Ordinary	UK	Non-trading
Real Irish Whiskey Limited	100	Ordinary	UK	Beverage products
ROK Drinks Limited	100	Ordinary	UK	Beverage products
ROK Drinks LLC	100	Ordinary	USA	Beverage products
ROK Endorsements Limited	100	Ordinary	UK	Group services
ROK Imports, Inc.	51	Ordinary	USA	Beverage products
ROKIT Inc.	100	Ordinary	USA	Procurement company
ROK Natural Energy Limited	51	Ordinary	UK	Beverage products
ROK Stars Branded Products Limited	51	Ordinary	Ireland	Holding company
ROK Ventures Limited	100	Ordinary	UK	Holding company
ROK Water International Limited	99	Ordinary	UK	Beverage products
Starian Management Services Limited	100	Ordinary	UK	Group services

In addition, the Company holds 18 million ordinary shares in Alpha Prospects PLC, a company which was listed on the GXG First Quote Market until it closed on 18 August 2015. Based on the latest information available this represents a shareholding of 5.49%. The price at acquisition was 2.5 pence per share and the last traded price of these ordinary shares was 3.0 pence per share. The directors consider that the carrying value of this investment at cost is fairly stated.

13 Stocks and work in progress	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Raw materials and consumables	**488**	557	-	-
Work in progress	**296**	285	-	-
Finished goods and goods for resale	**1,133**	871	-	-
	1,917	1,713	-	-

14 Debtors	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade debtors	**654**	945	-	-
Other debtors	**678**	692	-	-
Prepayments and accrued income	**549**	611	**1**	1
	1,881	2,248	**1**	1

15 Creditors: Amounts falling due within one year	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Bank overdrafts	**788**	633	-	-
Trade creditors	**1,278**	863	**2**	3
Hire purchase and finance leases	**63**	44	-	-
Other taxes and social security costs	**652**	688	-	-
Other creditors	**1,741**	2,618	**582**	529
Accruals and deferred income	**123**	168	**9**	9
	4,645	5,014	**593**	541

16 Creditors: Amounts falling due after one year	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Bank loans and overdrafts	**495**	478	-	-
Hire purchase and finance leases	**169**	137	-	-
Other creditors	**13,190**	11,712	**10,964**	9,355
	13,854	12,327	**10,964**	9,355

Included within Other creditors are amounts due to related parties, as disclosed in note 26.

17 Provisions for liabilities	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Pensions	**2,261**	2,082	-	-

The Group operates and contributes to defined contribution and defined benefit pension schemes. For defined contribution pension plans, the Group has no further payment obligations once the contributions have been paid. The Group's only defined benefit pension scheme liabilities are held by its subsidiary in Germany, ABK Betriebsgesellschaft der Aktienbrauerei Kaufbeuren GmbH. This scheme is closed to new members and the liability recognised at the statement of financial position date is the present value of the Group's obligation less the fair value of the scheme's assets, together with valuation adjustments as calculated by independent actuaries at the reporting date. At 31 December 2016 the net defined benefit liability is €2,654,071 having applied a discount rate of 4.0%, which is calculated by reference to market yields. This liability is supported by the following fund movements during the year, recorded in € Euros:

	€'000
At 31 December 2015	2,825
Contributions/interest expenses	70
Benefits and expenses	(241)
At 31 December 2016	2,654

The charge to the income statement for pension contributions made in the year, at prevailing exchange rates, amounted to £77,707 (2015 - £155,632).

18 Share capital	Nominal Value	2016 Number	Group and Company 2016 £'000	Group and Company 2015 £'000
Allotted, called up and fully paid:				
Ordinary shares	€0.10 each	143,944,049	**12,414**	10,247

	Nominal Value	Number	Amount £'000
Shares issued during the year:			
Ordinary shares	€0.10 each	25,022,500	2,167

During the year ordinary shares were issued at an average consideration of £0.097 per share. Since the year end 31.2 million ordinary shares have been issued.

19 Share premium	Group and Company 2016 £'000	Group and Company 2015 £'000
At 1 January	**8,763**	8,700
Shares issued	**249**	63
At 31 December	**9,012**	8,763

20 Capital reserve	Group 2016 £'000	Group 2015 £'000
At 31 December 2016	**884**	884

During 2015, a subsidiary of the Company, ABK Betriebsgesellschaft der Aktienbrauerei Kaufbeuren GmbH, restructured a loan payable to the minority shareholder of that company and created a capital reserve.

21 Share based payments	Group and Company 2016 £'000	Group and Company 2015 £'000
At 1 January	**2,747**	2,090
Charge for the financial year	**127**	657
At 31 December	**2,874**	2,747

Share options granted are valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations and the fair value per option granted and the assumptions used in the calculation are as follows:

Grant date	01.07.2013	15.10.2013	22.11.2013
Share price at date of grant	€1.50	€1.20	€1.00
Exercise price	€0.10*	€0.10*	€0.10*
Number of grants	1	2	52
Shares under option	925,000	10,000,000	7,223,333
Vesting period (years)	10	-	8
Option life (years)	10	10	10
Expected life (years)	10	-	8
Risk-free interest rate	0.91%	0.91%	0.91%
Expected dividends expressed as a dividend yield	0.00%	0.00%	0.00%
Fair value per option	€1.49	-	€0.99

* exercise price is payable using cashless principles through a calculated reduction in allotted shares.

21 Share based payments (continued)

Given the nature of these share options, expected volatility does not have a material impact hence the observed volatility over the last 48 months is used. The expected life is the average expected period to exercise. The risk-free rate of return is the yield on zero coupon UK government bonds of a term consistent with the assumed option life.

Date of grant	Shares at date of grant (number)	Shares under option 1 January 2016 (number)	Exercised in year (number)	Cancelled, lapsed or became ineligible in year (number)	Shares under option 31 December 2016 (number)
1 July 2013	925,000	925,000	-	-	925,000
15 October 2013	10,000,000	10,000,000	-	-	10,000,000
22 November 2013	8,075,000	7,383,333	-	160,000	7,223,333
18 December 2013	250,000	250,000	-	250,000	-
	19,250,000	18,558,333	-	410,000	18,148,333

The options granted on 15 October 2013 were granted to the founders and supporters of the Company, Mr J M Kendrick and Mr J P DeJoria, and are not expected to be exercised in the foreseeable future and accordingly, no charge has been taken to the income statement to date. The directors have considered the likelihood and timescale of any future exercising of options and have extended, where appropriate, the vesting periods for the remaining options in calculating the share-based payments charge. Since the year end 119.6 million share options have been granted.

22 Profit and loss account	Group £'000	Company £'000
At 1 January 2016	(32,363)	(31,202)
Loss for the financial year	(3,353)	(4,204)
At 31 December 2016	**(35,716)**	**(35,406)**

23 Other financial commitments

The Group had future minimum rentals payable under non-cancellable operating leases as set out below:

	Plant and machinery 2016 £'000	Plant and machinery 2015 £'000
Operating leases which expire:		
Within one year	**115**	104
Within two to five years	**99**	108
	214	212

24 Cash and cash equivalents

	Group 2016 £'000	Group 2015 £'000
Cash at bank and in hand	**104**	123
Bank loans and overdrafts	**(788)**	(633)
Cash and cash equivalents	**(684)**	(510)

25 Acquisitions and disposals

During the year the Company and the Group incorporated or acquired several small or previously inactive companies for nominal consideration.

The Company maintained its 54% shareholding in its German subsidiary, ABK Betriebsgesellschaft der Aktienbrauerei Kaufbeuren GmbH, by investing €272,210 (£207,171) during the year when the subsidiary issued new shares.

The Company disposed of its majority shareholdings in two of its loss-making subsidiaries in the year, Marula Oil LLC and Marula International Inc. The Company has retained 21% and 26% of these companies. Both companies were disposed of to the same buyer and under the terms of the respective sale agreements there was no consideration for the sales but a requirement for the buyer to provide an agreed level of on-going working capital investment to the two companies concerned. The directors consider that they do not hold significant control of these entities and so, accordingly, have not included these companies' results or net liabilities within the consolidated accounts of the Group for this year. The net effect of these disposals in the Group's income statement is a credit of £286,888 to Administrative expenses for the year.

26 Related party transactions

Included within "Creditors: Amounts falling due after one year" are the following amounts with related parties:

Group	2016 £'000	2015 £'000
Mr J M Kendrick	**3,045**	3,443
Mr J P DeJoria	**9,928**	8,046

The amount payable to Mr J M Kendrick, co-founder and director of the Company, represents the capital amounts of monies loaned and accrued interest at 3% above base rate and has no specified terms of repayment. During the year Mr J M Kendrick capitalised £1,312,365 of his loan for 15 million Ordinary shares in the company issued at par. The amount payable to Mr J P DeJoria, co-founder and shareholder of the Company, represents the capital amounts of monies loaned and accrued interest at 10% per annum and has no specified terms of repayment. The capital and interest amounts of these loans are denominated in US dollars, Euros and Sterling dependent upon the functional currency of the Company or subsidiaries concerned. The directors understand that the founders will not demand repayment of their outstanding loan balances within the next twelve months.